

## Message Text

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INFO OCT-01 SS-14 ISO-00 CIAE-00 DODE-00 NSC-05 NSCE-00

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S E C R E T SECTION 1 OF 2 USBERLIN 0695

LIMDIS

E O 11652: XGDS-1

TAGS: PGOV, WB, GW, GE

SUBJ: BACKGROUND COMMENTS ON GDR THREATS TO TERMINATE S-BAHN (SB)  
SERVICE

SUMMARY: ALTHOUGH IT HAS SO FAR BEEN LARGELY IGNORED BY THE ALLIEXS, A MAJOR S-BAHN QUESTION AFFECTING WEST BERLIN GRADUALLY BECAME MORE INSISTENT DURING THE LATER WEEKS OF THE REICHSBAHN CHALLENGE. WE TEND TO DOUBT THAT THE GDR (OR SOVIETS) WISH TO PRECIPATE A SUDDEN CRISIS, BUT ESTIMATES DIFFER, AND THE S-BAHN MATTER COULD BECOME CRITICAL WITHIN THE NEAR FUTURE. THE S-BAHN IS PART OF THE RB, AND THEIR LEGAL STATUS AND OPERATIVE CHARACTERISTICS VARY FROM BEING IDENTICAL TO CLOSELY SIMILAR. BUT IF AN S-BAHN CRISIS WERE TO EVOLVE ALONG LINES OF PRESENT GDR WARNINGS, IT WOULD BE MORE COMPLICATED THAN WAS THE PAST RB MATTER. THE RB CASE INVOLVED ONLY ENFORCEMENT OF A SIMPLE PROCEDURAL REQUIRMENT. AN EXTENSIVE OR TOTAL

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STOPPAGE OF THE S-BAHN WOULD NECESSITATE NUMEROUS ECONOMIC

AND POLITICAL DECISIONS ON THE PART OF THE ALLIES. END  
SUMMARY.

1. SINCE MID-1975, AND WITH INCREASING FREQUENCY IN THE PAST TWO MONTHS, THE GDR HAS BEEN ASKING FOR RELIEF FROM THE SENAT FOR S-BAHN (THE BERLIN ELEVATED RAIL SYSTEM) OPERATIONAL LOSSES WHICH ARE ALLEGEDLY ABOUT DM 100 MILLION ANNUALLY. THE GDR DEMANDS A SUBSIDY IN THIS AMOUNT, FOR WHICH VARIOUS INDUCEMENTS HAVE BEEN VAGUELY MENTIONED, RANGING FROM "LEASING" (BERPACHTUNG) THE SYSTEM TO THE SENAT, ENTERING INTO A JOINT OPERATING COMPANY, TO MERELY COORDINATING SB SCHEDULING WITH THAT OF SENAT CONTROLLED BUSES AND U-BAHN (SUBWAY). THE GDR HAS THREATENED TO CLOSE DOWN ALL OR PART OF THE SERVICE IN EVENT OF NON-COMPLIANCE (USBERLIN 647, 472, 387, 302).

2. WE HAVE NO KNOWLEDGE OF THE BOOKKEEPING CRITERIA WHICH LEAD THE GDR TO SPEAK OF A DM 100 MILLION LOSS PER YEAR. HOWEVER, WE DO DOUBT THAT THE WEST BERLIN SB SYSTEM IS HIGHLY UNPROFITABLE IN VIEW OF ITS LOW PASSENGER VOLUME AND HEAVY SCHEDULE, SINCE THE 4,000 EMPLOYEES MOSTLY LIVE IN WEST BERLIN AND THEIR WAGES THUS EAT UP HARD CURRENCY DM REVENUES. WEST BERLIN RAIL EXPERTS ARE SKEPTICAL THAT WE CAN DO MUCH MORE THAN REFINE SOME GROSS ESTIMATES CONCERNING THIS FINANCIAL PICTURE.

3. IT IS ACCORDINGLY HARD TO ESTIMATE URGENCY OF GDR CAMPAIGN TO ELIMINATE THESE LOSSES. WE ARE DEALING WITH A SITUATION WHICH AT LEAST SINCE 1961 HAS BEEN ECONOMICALLY DISADVANTAGEOUS FOR THE GDR, BUT SUSTAINABLE FROM POLITICAL CONSIDERATIONS OF PRESENCE, PRESTIGE AND INFLUENCE. THUS SED POLITICAL ACTIVITY IN THE WESTERN SECTOR (AS SEW) IS LARGELY BASED ON SB WORK FORCE. THE ECONOMIC FACTOR IS UNDOUBTEDLY BECOMING MORE CRUCIAL BECAUSE OF THE GDR HARD CURRENCY PINCH, AND BECAUSE OF CAPITAL INTENSIVE PLANS TO EXPAND THE SB SYSTEM IN AND AROUND EAST BERLIN (BY 12 NEW STATIONS AND 30 KM OF TRACK, ACCORDING TO ONE ACCOUNT).

4. ANOTHER KEY QUESTION INVOLVES SEPARABILITY VERSUS  
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IDENTITY OF RB AND SB. THE SB (SINCE THE WALL) IS A PURELY INNER-CITY PUBLIC TRANSPORTATION. THE RB IS A PROJECTION INTO WEST BERLIN OF THE GDR RAILROAD SERVICES, WHICH DAILY HAUL ABOUT 50 ALLIED AND GERMAN TRAINS BETWEEN THE FRG AND BERLIN. LEGALLY, THE SB IS PART OF THE RB, AND THE 4,000 EMPLOYEES OF BOTH SYSTEMS ARE DESIGNATED AS RB. THE REICHSBAHN'S RESPONSIBILITY FOR S-BAHN OPERATIONS STEM FROM THE SAME SOVIET ORDER AND

TACIT ALLIED CONCURRENCE IN THE SUMMER OF 1945 THAT FORM THE BASIS FOR ITS ROLE IN LONG-DISTANCE TRAIN OPERATIONS. ULTIMATE ALLIED RIGHT OF CONTROL IS IDENTICAL WITH RESPECT TO ALL ASPECTS OF REICHBAHN'S WEST BERLIN OPERATION. OUR PURELY PRELIMINARY IMPRESSIONS ARE:  
A) THE SB AND RB OPERATIONS ARE ADMINISTRATIVELY SEPARATE; AND B) THE OVERLAP OF WORK AND FACILITIES IS EXTENSIVE IN TERMS OF MAINTENANCE AND PERSONNEL, BUT LIMITED AS TO TRACK COMMON TO BOTH SYSTEMS. THUS THE WORKSHOPS, SEVERAL OF THE LARGER STATIONS, AND ALL INTERSECTION WORK AND MAINTENANCE ARE UNDIFFERENTIATED, BUT PROBABLY ONLY A FEW KILOMETERS OF THE 160 KM. SB TRACK ARE USED BY RB TRAINS.

5. BEFORE WE CAN EVEN MAKE USEFUL APPROXIMATIONS AND ESTIMATES, WE WILL HAVE TO UNDERTAKE SUCH TECHNICAL STUDIES AS POSSIBLE OF THIS OPERATION, WHICH ESSENTIALLY IS A CLOSED COMMUNIST SYSTEM. UNFORTUNATELY THE FRENCH MISSION HAS VETOED ANY JOINT OR INFORMAL DISCUSSION OF THE PROBLEM EVEN WITH SENAT/BUNDESBAHN TECHNICAL EXPERTS. THIS IS IMPROVIDENT AND ANNOYING, BUT WE WILL PURSUE OUR OWN INQUIRIES VIA HERR SELIGER OF OUR MISSION, AND AS MAY LATER BE POSSIBLE WITH THE FRENCH AND BRITISH MISSIONS. THE FRENCH VISUALIZE OUR OBTAINING SENAT INFORMATION VIA CORRESPONDENCE.

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LIMDIS

6. DIPLOMATICALLY WE ARE IN THE DISAGREEABLE SITUATION OF HAVING A PROBLEM, BUT NO SIMPLE CHANNELS THROUGH WHICH IT CAN BE DISCUSSED. THE GDR IS INSISTENT OF PURSUING THE MATTER AT LEAST PRIMARILY VIA MITDANK OF THE FOREIGN MINISTRY, AND WE AND THE GOVERNING MAYOR HAVE AGREED THAT THE SENAT (KUNZE) SHOULD REFUSE TO DISCUSS IT IN THIS CHANNEL. THE GDR WILL RESIST TECHNICAL CHANNELS WHICH PERHAPS WOULD BE SATISFACTORY TO US, E.G. RB/BUNDESBAHN, OR RB/BVG (BERLIN MUNICIPAL TRANSPORT COMPANY). THE ALLIES WILL HAVE TO ENTER INTO SOME DIALOGUE WITH THE SOVIET ON THIS, BUT IT IS QUESTIONABLE WHETHER THEY WOULD BE DISPOSED TO FURNISH SOME TYPE OF FOUR POWER COVER WHICH COULD MAKE GDR PARTICIPATION ACCEPTABLE UNDER AN AGENCY THEORY.

7. THE PROBLEM, EVEN IF IT INTENSIFIES, DOES NOT SEEM TO BE OF A NATURE THAT COULD BECOME CONTROVERSIAL IN DOMESTIC GERMAN POLITICS. GOVERNING MAYOR SCHUETZ IN  
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FACT HAS CAREFULLY LABELLED THE S-BAHN AN ALLIED RESPONSIBILITY, AND ALL WELL INFORMED JOURNALISTS WRITING ABOUT BERLIN SEEM TO ACCEPT THIS VIEW. THE SITUATION CALLS FOR NO IMMEDIATE ROLE FOR THE FRG OR CHANCELLOR SCHMIDT. HOWEVER, THERE ARE OBVIOUS WEST GERMAN INTERESTS. THE FRG WOULD HAVE TO FINANCE ANY NEW EXPENDITURES UNDERTAKEN BY THE SENAT, AND THERE IS AN INDIRECT BUT POTENTIALLY STRONG IMPINGEMENT IN THE RB'S HAULAGE OF WEST GERMAN TRAINS. FINALLY, THE ADMINISTRATOR OF FORMER RB PROPERTY IS ALSO THE HEAD OF THE WEST GERMAN RAILROADS (BUNDESBAHN) IN BERLIN. (HE NOMINALLY OPERATES UNDER THE AUTHORITY OF THE SENATOR FOR FINANCE.)

8. OUR FINAL CRITERIA FOR A RESPONSE TO THIS PROBLEM HAVE LESS TO DO WITH THE INTRINSIC VALUE OF THE SB TRANSPORT SERVICE THAN WITH THE STATUS AND OUR CONTROL OF THE SB TRACKS, RIGHT OF WAY, STATIONS AND FACILITIES. THE SERVICE IS NOW SIGNIFICANT ONLY ON A COUPLE OF STRETCHES, AND WEST BERLIN COULD EASILY TOLERATE A TOTAL STOPPAGE. BUT THE SB NET REMAINS A VALUABLE ASSET, AND IF IT WERE POSSIBLE FOR THE ALLIES (SENAT) TO TAKE IT OVER -- AND THERE WAS SUFFICIENT MONEY -- IT COULD AT LEAST IN PART BE RATIONALIZED AND INTEGRATED INTO THE TOTAL WEST BERLIN SYSTEM, THUS PERMITTING THE CLOSING

OUT OF CERTAIN DUPLICATING BUS ROUTES.

9. HOWEVER, THE ALLIES COULD NOT ACQUIESCE IN CONTINUED GDR CONTROL OF ALL THE SB TERRAIN (BY SOME ACCOUNTS AS LARGE AS THE DISTRICT OF KREUZBERG) ONCE SERVICE HAD CEASED. ANY UNILATERAL CLOSURE OF ALL OR SUBSTANTIAL PORTIONS OF THE SYSTEMS WOULD BE MOST DISORDERLY, AND WOULD NECESSITATE SOME FUNDAMENTAL ALLIED DECISIONS. OUR LIKELY ALTERNATIVES WOULD BE TO AUTHORIZE SENAT TO OPERATE THE SERVICE, WHICH WOULD PROBABLY NOT BE PRACTICAL SO LONG AS REICHSBAHN CONTINUED TO PROVIDE LONG-DISTANCE TRAIN SERVICE, OR TO AUTHORIZE SENAT'S ADMINISTRATOR FOR FORMER REICHSBAHN PROPERTY TO TAKE OVER ABANDONED PROPERTY - SUCH AS STATIONS AND TRACK RIGHT-OF-WAY - NO LONGER NEEDED FOR REICHSBAHN OPERATIONS.

10. THE RB CONSTRUCTION PROBLEM WAS NOT EXACTLY SIMPLE;  
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IT TOOK TIME, CALLED FOR USE OF MULTIPLE CHANNELS AND FOR CONSIDERABLE REFLECTION AS TO AN APPROPRIATE ENFORCEMENT MECHANISM. YET IT DEALT ONLY WITH A STRAIGHTFORWARD PROCEDURAL REQUIREMENT. A LARGE SCALE OR TOTAL CLOSURE OF THE SB WOULD CALL FOR MORE COMPLICATED ALLIED DETERMINATIONS AND MOVES. SOME EXAMPLES FOLLOW:

- A. WHAT ARE REAL GDR INTENTIONS, AND WHAT SERIOUS OFFERS WOULD IT FINALLY MAKE?
- B. WHAT ARE SENAT INTERESTS? IF NO EXCESSIVE PRICE OR CONDITIONS WERE SET, THERE MIGHT BE SOME INTEREST IN TAKING OVER THE SB OR THE TOTAL SB/RB SYSTEM.
- C. WHAT CHANNELS DO WE USE FOR DISCUSSION, AND CAN WE ENGAGE THE SOVIETS TO BE HELPFUL IN OUR SENCE OF THEIR RESPONSIBILITY?
- D. AT WHAT POINT AND HOW WOULD WE RESPOND TO PARTIAL SHUTDOWN OF A FEW OF THE 76 PASSENGER AND 32 FREIGHT DEPOTS, AND OF THE 7 REPAIR INSTALLATIONS? WHAT WOULD BE OUR MODE OF ACTION?
- E. IF PHYSICAL INTERVENTION IS NEEDED, HOW DO WE DIFFERENTIATE BETWEEN RB AND SB FACILITIES?
- F. CAN WE GET SERIOUSLY PUNITIVE AGAINST THE SB AND STILL KEEP THE RB SWEET ENOUGH TO PULL THE ALLIED AND WEST GERMAN TRAINS TO AND FROM BERLIN?
- G. IF THE SB WERE SIMPLY TO CEASE OPERATION, WE WOULD HAVE TO MAKE ARRANGEMENTS WITH THE SENAT FOR THE PROPERTY TO BE DECLARED NON-OPERATIVE, AND TAKEN OVER BY THE ADMINISTRATOR OF FORMER RB PROPERTY.

11. THE FOREGOING IS NOT INTENDED AS AN ANALYSIS OR PREDICTION. IT EMPHASIZES THE WORST CASE, AND IS MEANT TO ILLUSTRATE THE NOVELTY OF THE SITUATION AND ISSUES WHICH

WOULD THEN ARISE. WHILE IT IS TRUE THAT THE GDR WARNINGS,  
IF TAKEN SERIOUSLY, WOULD FORESHADOW SUCH PROBLEMS, WE  
DOUBT THAT THE GDR WISHES TO PRECIPITATE A SUDDEN CONFRONTA-  
TION. IT REMAINS OUR EXPECTATION OVER THE SHORT TERM THAT  
THE GDR WILL MOVE INTO THIS AREA WITH CAUTION. IT MAY WELL TAKE  
PROMPT BUT UNPROVOCATIVE STEPS TO CUT ITS LOSSES, SUCH AS  
REDUCING CAPACITY OR SCHEDULED RUNS, OR RAISING FARES.  
A COMMON INTEREST IN AVOIDING COMPLICATIONS MAY INDUCE  
THE SOVIETS TO RESTRAIN THE GDR FROM CHANGING UNILATERALLY  
A MAJOR FACTOR OF THE STATUS QUO IN BERLIN, PARTICULARLY  
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AFTER WE HAD SIGNALLED OUR CONCERN. HOWEVER, IT MUST BE  
ADMITTED THAT SOME WELL INFORMED JOURNALISTS AND LOCAL  
RAIL EXPERTS ARE PERSUADED THAT THE GDR IS VERY SERIOUS  
ABOUT SHEDDING THIS HEAVY EXPENSE IN THE NEAREST FUTURE.  
WHATEVER THE URGENCY, THE ECONOMIC PINCH WILL NOT IMPROVE,  
AND THE PROBLEM WILL DOUBTLESS PERSIST. GEORGE

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